

## CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE \_\_\_\_

The City Council submitted a ballot measure for an ordinance that would enact a new half-cent (0.5%) Transactions and Use ("Sales") tax within the City of Pinole. This tax is a general purpose tax requiring a simple majority (50% + 1) vote. If approved by the voters, the tax will be deposited into the City of Pinole's general fund and will be used to pay for and prevent reduction in essential municipal services, such as police, fire, paramedic, parks, streets, youth, family and senior recreation services. The tax ordinance requires independent auditors to report on the collection, management and expenditure of tax revenue. An annual report will be prepared for public review at a public hearing.

The existing sales tax is a combination of "sales and use tax" and "transactions and use tax." Retailers collect both taxes at the time of sale and remit the funds to the State Board of Equalization, which administers the taxes. Both are levied on the retail sale or use of personal property, with certain exceptions. A sales tax is allocated to the jurisdiction where the sale is negotiated or the order for the sale is taken, but a transactions and use tax is allocated to the City where the merchandise or goods are delivered or placed into use. Merchandise purchased in a retail store is assumed by the state to be used within the city in which the store is located, unless the retailer is asked to ship the merchandise outside the city as part of the sale. This tax on retail sales is paid by non-residents as well as residents. Certain necessities of life, including purchases of food or medicine, are exempt from the tax.

State and local tax on retail sales in Pinole is currently 9% of the purchase price. The Measure authorizes a 0.5% transactions and use tax, increasing the total sales tax rate in Pinole from 9% to 9.5%. The tax increase proposed by this measure would go only to the City. If approved, these local funds may not be taken by the State or any other governmental entity.

A "Yes" vote is a vote to approve the additional half-cent tax in Pinole, with annual audits. A "No" vote is a vote against the tax.

A full copy of the proposed ordinance may be obtained during business hours at the Office of the City Clerk, City of Pinole, 2131 Pear Street, Pinole, CA 94564 and is also available on the City of Pinole website at <http://www.ci.pinole.ca.us/admin/revenue.html>

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